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before the

House Committee on Government Reform

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The Administration has established a clear vision and roadmap for improving the management of Federal real property – identify all assets; analyze their utility and performance; improve or dispose of excess or underperforming assets.

Achieving this vision will result in real, measurable benefits to taxpayers. The Federal inventory is estimated to exceed \$300 billion, meaning that disposing of merely 5% of our current portfolio could potentially make more than \$15 billion available for more productive uses. In addition, the Federal government can serve the American people more effectively when mission critical assets are maintained in the right condition and at the right cost to support agency objectives.

The steps we are taking to ensure such results are embodied in Executive Order 13327, “Federal Real Property Asset Management” (February 4, 2004). Based on that Order, Federal agencies have appointed a Senior Real Property Officer accountable for asset management within each Federal agency. The Senior Real Property Officers, in turn, make up the Federal Real Property Council (FRPC), which quickly established government-wide requirements for building an inventory, assessing performance, and rightsizing through improved asset planning.

- Building an Inventory. The FRPC established 23 commonly defined data elements and established a goal that all Federal agencies will report this data for all assets beginning in the first quarter of Fiscal Year 2006. Under the guidance and direction of the FRPC, the General Services Administration (GSA) is preparing a government-wide inventory database to capture the data when it is reported this fall.
- Assessing Performance. The 23 data elements include information on the operating cost, condition, utilization, and mission dependency of each asset. Using this information, Federal agencies and policymakers will be able to determine which Federal properties should be maintained, which require cost-effective repairs and upgrades, and which qualify for disposition.

- Rightsizing through Improved Asset Planning. Each agency is establishing a formal Asset Management Plan that details how the agency will make improved decisions on acquisition, maintenance, and disposal of all assets. Notably, some agencies, such as the Department of Veterans Affairs, have enhanced flexibility to manage and dispose of assets. These agencies are successfully using these flexibilities to implement their Asset Management Plan objectives.

Each of these activities is being tracked by the President's Management Agenda, with all major landholding agencies graded quarterly since the third quarter of Fiscal Year 2004 on their efforts to implement FRPC requirements. In the past year, agencies have made great strides in improving knowledge of their inventory and measuring performance, and are beginning to better understand what flexibilities are needed to facilitate rightsizing of their real property portfolios.

Once we have a fuller understanding of the Federal inventory, we can more comprehensively identify the specific government-wide flexibilities that are needed to help maximize the value of the government's property. In the meantime, it would be useful for the Executive Branch to have limited enhanced property disposal authority, including the establishments of agency-specific funds for retention of sales proceeds, so it can demonstrate the benefits and need for broader flexibility to dispose of property.

I know the Congress shares the Administration's goal for improved management of our Federal property inventory and look forward to working with this Committee to help achieve that goal.